

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT
OF
BLUE RIVER CAREER PROGRAMS
SHELBY COUNTY, INDIANA
July 1, 2004 to June 30, 2006



FILED
03/09/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Saudi A. Hensley	07-01-04 to 06-30-07
Director	John Sollman	07-01-04 to 03-21-05
	William Lyon (Acting)	03-22-05 to 01-31-06
	John Sollman	02-01-06 to 09-11-06
	William Lyon (Acting)	09-12-06 to 06-30-07
President of the School Board	Michael Vaught	07-01-04 to 06-30-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BLUE RIVER CAREER PROGRAMS, SHELBY COUNTY, INDIANA

We have examined the financial information presented herein of Blue River Career Programs (School Corporation), for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 18, 2007

BLUE RIVER CAREER PROGRAMS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ <u>564,744</u>
<u>Net Assets</u>	
Unrestricted	\$ <u>564,744</u>

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	<u>\$ 541,618</u>
<u>Net Assets</u>	
Unrestricted	<u>\$ 541,618</u>

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts	Net (Disbursement) Receipts
		Operating Grants and Contributions	Total
Governmental activities:			
Instruction	\$ 686,957	\$ 3,000	\$ (683,957)
Support services	1,124,313	-	(1,124,313)
Community services	1,700	-	(1,700)
Nonprogrammed charges	319,999	-	(319,999)
Debt service	316,000	-	(316,000)
Total governmental activities	<u>\$ 2,448,969</u>	<u>\$ 3,000</u>	<u>(2,445,969)</u>
General receipts:			
Other local sources			96,549
State aid			70,449
Grants and contributions not restricted			208,075
Sale of property, adjustments, and refunds			321,021
Investment earnings			6,580
Transfers:			
Intergovernmental			<u>1,682,676</u>
Total general receipts and transfers			<u>2,385,350</u>
Change in cash and investments			(60,619)
Net assets - beginning			<u>625,363</u>
Net assets - ending			<u>\$ 564,744</u>

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts	Net (Disbursement) Receipts
		Operating Grants and Contributions	Total
Governmental activities:			
Instruction	\$ 965,612	\$ 3,000	\$ (962,612)
Support services	1,215,444	-	(1,215,444)
Community services	1,801	-	(1,801)
Nonprogrammed charges	150,000	-	(150,000)
Debt service	316,000	-	(316,000)
Total governmental activities	<u>\$ 2,648,857</u>	<u>\$ 3,000</u>	<u>(2,645,857)</u>
General receipts:			
Other local sources			116,301
State aid			69,769
Grants and contributions not restricted			173,535
Sale of property, adjustments, and refunds			300,000
Investment earnings			21,424
Transfers:			
Intergovernmental			<u>1,941,702</u>
Total general receipts and transfers			<u>2,622,731</u>
Change in cash and investments			(23,126)
Net assets - beginning			<u>564,744</u>
Net assets - ending			<u>\$ 541,618</u>

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Eight Accounts	Other	Totals
Receipts:				
Local sources	\$ 76,594	\$ 26,534	\$ -	\$ 103,128
State sources	90,010	-	-	90,010
Federal sources	-	-	191,514	191,514
Sale of property, adjustments and refunds	-	321,021	-	321,021
Intergovernmental transfers	<u>1,682,452</u>	<u>220</u>	<u>5</u>	<u>1,682,677</u>
Total receipts	<u>1,849,056</u>	<u>347,775</u>	<u>191,519</u>	<u>2,388,350</u>
Disbursements:				
Current:				
Instruction	648,420	21,254	17,283	686,957
Support services	928,748	-	195,565	1,124,313
Community services	1,700	-	-	1,700
Nonprogrammed charges	-	318,811	1,188	319,999
Debt services	<u>316,000</u>	<u>-</u>	<u>-</u>	<u>316,000</u>
Total disbursements	<u>1,894,868</u>	<u>340,065</u>	<u>214,036</u>	<u>2,448,969</u>
Excess (deficiency) of total receipts over (under) total disbursements	(45,812)	7,710	(22,517)	(60,619)
Cash and investments - beginning	<u>445,904</u>	<u>166,877</u>	<u>12,582</u>	<u>625,363</u>
Cash and investments - ending	<u>\$ 400,092</u>	<u>\$ 174,587</u>	<u>\$ (9,935)</u>	<u>\$ 564,744</u>

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Capital Projects	Building Trades	Other	Totals
Receipts:					
Local sources	\$ 86,392	\$ -	\$ 10,856	\$ 40,477	\$ 137,725
State sources	80,826	-	-	-	80,826
Federal sources	-	-	-	165,478	165,478
Sale of property, adjustments and refunds	-	-	150,000	150,000	300,000
Intergovernmental transfers	<u>1,668,218</u>	<u>273,484</u>	<u>-</u>	<u>-</u>	<u>1,941,702</u>
Total receipts	<u>1,835,436</u>	<u>273,484</u>	<u>160,856</u>	<u>355,955</u>	<u>2,625,731</u>
Disbursements:					
Current:					
Instruction	739,464	-	177,216	48,932	965,612
Support services	990,515	91,078	-	133,851	1,215,444
Community services	1,801	-	-	-	1,801
Nonprogrammed charges	-	-	150,000	-	150,000
Debt services	<u>316,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,000</u>
Total disbursements	<u>2,047,780</u>	<u>91,078</u>	<u>327,216</u>	<u>182,783</u>	<u>2,648,857</u>
Excess (deficiency) of total receipts over (under) total disbursements	(212,344)	182,406	(166,360)	173,172	(23,126)
Cash and investments - beginning	<u>400,092</u>	<u>-</u>	<u>174,587</u>	<u>(9,935)</u>	<u>564,744</u>
Cash and investments - ending	<u>\$ 187,748</u>	<u>\$ 182,406</u>	<u>\$ 8,227</u>	<u>\$ 163,237</u>	<u>\$ 541,618</u>

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	Private-Purpose Trust Funds
Additions:	
Total additions	\$ <u> -</u>
Deductions:	
Instruction	<u> 220</u>
Deficiency of total additions under total deductions	(220)
Cash and investments - beginning	<u> 226</u>
Cash and investments - ending	<u><u> \$ 6</u></u>

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	Private-Purpose Trust Funds
Additions:	
Total additions	\$ -
Deductions:	
Instruction	6
Deficiency of total additions under total deductions	(6)
Cash and investments - beginning	6
Cash and investments - ending	\$ -

The accompanying notes are an integral part of the financial statements.

BLUE RIVER CAREER PROGRAMS
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The eight accounts fund is used to account for receipts and disbursements concerning the construction and sale of a home by the building trades program.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the adult basic education programs.

BLUE RIVER CAREER PROGRAMS
NOTES TO FINANCIAL INFORMATION
(Continued)

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds or internal service funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Note 3. Budgets

The operating budget is prepared and approved at the local level.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depositary Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

BLUE RIVER CAREER PROGRAMS
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

BLUE RIVER CAREER PROGRAMS
NOTES TO FINANCIAL INFORMATION
(Continued)

Teacher's Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

BLUE RIVER CAREER PROGRAMS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess Assets as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 74,856	\$ 47,206	\$ 27,650	159%	\$ 116,210	24%
07-01-04	78,430	57,043	21,387	137%	87,781	24%
07-01-05	83,863	69,457	14,406	121%	100,875	14%

BLUE RIVER CAREER PROGRAMS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 322,700
Infrastructure	-
Buildings	3,776,592
Improvements other than buildings	52,000
Machinery and equipment	<u>279,368</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 4,430,660</u>

BLUE RIVER CAREER PROGRAMS
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Vocational School Building	\$ 644,454	\$ 284,666
Total governmental activities long-term debt	<u>\$ 644,454</u>	<u>\$ 284,666</u>

BLUE RIVER CAREER PROGRAMS
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2007, with Michael Vaught, President of the Board; and on January 18, 2007, with Saudi A. Hensley, Treasurer. Our examination disclosed no material items that warrant comment at this time.